

BARNWELL INDUSTRIES INC
Form DEF 14A
January 17, 2008
SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

Barnwell Industries, Inc.

(Name of Registrant as Specified in its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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(3) Filing Party:

(4) Date Filed:

BARNWELL INDUSTRIES, INC.

Notice of Annual Meeting of Stockholders

To the Stockholders of BARNWELL INDUSTRIES, INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of BARNWELL INDUSTRIES, INC., a Delaware corporation, will be held on March 3, 2008, at 9:30 a.m., Central Standard Time, at the Clarion Shreveport Hotel, 1419 East 70th Street, Shreveport, Louisiana, for the purpose of considering and acting upon:

- (1) the election of a Board of Directors to serve until the next Annual Meeting of Stockholders and until their successors shall have been elected and qualified;
- (2) the ratification of the selection of the independent auditor for 2008;
- (3) the approval of the 2008 Pay for Performance Plan;
- (4) the approval of the 2008 Equity Incentive Plan;
- (5) the approval of certain Stock Options previously granted to our President and our Chief Financial Officer; and

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(6) any and all other business which may properly come before the meeting.

Only stockholders of record at the close of business on January 7, 2008, are entitled to notice of and to vote at this meeting or any adjournment thereof. The Company's Annual Report to Stockholders for the fiscal year ended September 30, 2007, which includes consolidated financial statements, is enclosed herewith.

We will be pleased to have you attend the meeting. However, if you are unable to do so, please sign and return the accompanying Proxy in the enclosed addressed envelope.

By Order of the Board of Directors,

RUSSELL M. GIFFORD
Secretary

Dated: January 17, 2008

BARNWELL INDUSTRIES, INC.

1100 ALAKEA STREET, SUITE 2900

HONOLULU, HAWAII 96813

PROXY STATEMENT

SOLICITATION AND REVOCATION OF PROXIES

The following information is furnished in connection with the Annual Meeting of Stockholders of Barnwell Industries, Inc., a Delaware corporation (the "Company"), to be held on March 3, 2008 at 9:30 a.m., Central Standard Time, at the Clarion Shreveport Hotel, 1419 East 70 Street, Shreveport, Louisiana.

The accompanying Proxy is solicited by the Board of Directors (the "Board" or the "Board of Directors") of the Company. The Company will bear the cost of such solicitation. Solicitation of proxies will be primarily by mail. Proxies may also be solicited by regular employees of the Company by telephone at a nominal cost. Brokerage houses and other custodians, nominees and fiduciaries will be requested to forward soliciting material to the beneficial owners of Common Stock (as defined below) and will be reimbursed for their expenses. All properly executed proxies will be voted as instructed.

Stockholders who execute proxies may revoke them by delivering subsequently dated proxies or by giving written notice of revocation to the Secretary of the Company at any time before such proxies are voted. No proxy will be voted for a stockholder if the stockholder attends the meeting and elects to vote in person.

This Proxy Statement and the accompanying form of proxy are first being sent to stockholders on or about January 17, 2008.

VOTING AT THE MEETING

Only stockholders of record at the close of business on January 7, 2008 (the "Record Date") will be entitled to vote at the annual meeting and any adjournment thereof. As of the Record Date, 8,196,460 shares of common stock, par value \$0.50, of the Company (the "Common Stock") were issued and outstanding. Each share of Common Stock outstanding as of the Record Date is entitled to one vote on any proposal presented at the meeting. The election of directors and the ratification of KPMG LLP as our independent auditor for the fiscal year ending September 30, 2008

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require a plurality of the votes cast at the meeting. Approval of the 2008 Pay for Performance Plan, the 2008 Equity Incentive Plan, and the grant of certain Stock Options previously granted to our President and our Chief Financial Officer requires the affirmative vote of a majority of the outstanding shares of Common Stock present in person or by proxy at the meeting and entitled to be voted on such matter. With respect to abstentions, the shares will be considered present at the meeting for a particular proposal and will be disregarded in the election of directors and ratification of KPMG LLP as our independent auditor, but since they are not affirmative votes for the other proposals, abstentions will have the same effect as a vote against such other proposals. Brokers and nominees may be precluded from exercising their voting discretion with respect to certain matters to be acted upon, other than the election of directors and ratification of KPMG LLP as our independent auditor. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on these matters. A broker non-vote will not have any effect on any of the proposals. Shares represented by such broker nonvotes will, however, be counted for purposes of determining whether there is a quorum.

PROPOSAL NO. 1**ELECTION OF DIRECTORS**

All eleven directors of the Company are proposed to be elected at the meeting. Each elected director shall hold office until the next annual meeting and until his successor is duly elected and qualified. The persons named as proxies in the enclosed Proxy are executive officers of the Company and, unless contrary instructions are given, they will vote the shares represented by the Proxy **FOR** the election to the Board of Directors of the persons named below. The Board of Directors has no reason to believe that any of the nominees for director will be unable to serve; however, in the event any of the nominees should withdraw or otherwise become unavailable for reasons not presently known, the persons named as proxies may vote for other persons in place of such nominees.

Our Board of Directors recommends a vote FOR the election of all eleven directors of the Company.

DIRECTORS AND NOMINEES TO THE BOARD OF DIRECTORS

The Board of Directors held seven meetings during the fiscal year ended September 30, 2007. All directors attended at least 75% of the meetings of the Board of Directors and of the committees of the Board on which each director served. The independent directors met on two occasions out of the presence of management during the fiscal year ended September 30, 2007.

The following table sets forth, as to the directors and nominees for election: (1) such person's name; (2) the year in which such person was first elected a director of the Company; (3) such person's age; (4) all positions and offices with the Company held by such person; (5) the business experience of such person during the past five years; and (6) certain other directorships, if any, held by such person.

Name	Director Since	Age	All other Present Positions with the Company and Principal Occupations
Morton H. Kinzler	1956	82	Chairman of the Board of the Company since 1980, President from 1971 to December 2002 and Chief Executive Officer since 1971. Mr. Kinzler is the father of Alexander C. Kinzler, President, Chief Operating Officer, General Counsel and a Director of the Company.
Alan D. Hunter ¹	1977	70	Partner, Code Hunter LLP, Calgary, Alberta (attorneys) since December 1, 2001.
Martin Anderson ¹	1985	84	Investor; Of Counsel, Goodsell Anderson Quinn & Stifel LLP, Honolulu, Hawaii (attorneys) since January 2007 and Partner from

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1955 until December 2006; Distinguished Overseer, Hoover Institution of Stanford University; Trustee and Secretary, Hawaii Pacific University; Trustee, Oceanic Institute (scientific research facility).

Murray C. Gardner, Ph.D. ¹	1996	75	Independent consultant and investor.
Alexander C. Kinzler	1999	49	President and Chief Operating Officer of the Company since December 2002 and General Counsel of the Company since December 2001. Mr. Kinzler is the son of Morton H. Kinzler, Chief Executive Officer and Chairman of the Board of Directors of the Company.

¹ This director is independent as defined in Section 121(A) of the American Stock Exchange listing standards.

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Terry Johnston	2000	66	Investor.
Russell M. Gifford	2003	53	Secretary of the Company since December 2002. Executive Vice President since December 1997, Treasurer since November 1986 and Chief Financial Officer since August 1985. President of Water Resources International, Inc., a wholly-owned subsidiary of the Company since December 1999.
Diane G. Kranz ¹	2003	67	Senior Partner, Kranz & Co., LLP (certified public accountants), since 1970.
Kevin K. Takata ¹	2004	51	Deputy Prosecuting Attorney, City and County of Honolulu since 1987, Trials Division Chief from 1997 to 2006. Instructor, National Advocacy Center since 2000.
Ahron H. Haspel ²	2006	64	Partner, Jones Day (attorneys) since February 2005; Partner, KPMG LLP (certified public accountants) from 1977 to February 2005. Former member of KPMG's Board of Directors and KPMG's Leadership Team.
Robert J. Inglima, Jr. ¹	2007	49	Investor; Attorney in private practice since 1985; Principal and Member, Cipolla Sziklay, LLC (certified public accountants and consultants) from April 2004 to July 2006.

Board Nomination Process

The Board of Directors has a standing Compensation Committee, a standing Audit Committee, and a standing Executive Committee. It has no standing nominating committee and there is no nominating committee charter. The Board of Directors believes that it is appropriate for the Company not to have a nominating committee because potential nominees are recommended to the full Board by a majority vote of the independent directors. The Board identifies nominees by first evaluating the current members of the Board willing to continue in service. Current members of the Board with skills and experience relevant to the Company's business and willing to continue in service are considered for re-nomination. If any member of the Board up for re-election at an upcoming annual meeting of stockholders does not wish to continue in service, the Board determines whether it is appropriate to replace the retiring member. If deemed appropriate, the Board identifies the desired skills and experience of a new nominee. The Board believes that potential directors should possess sound judgment, understanding of the business issues affecting the Company, integrity and the highest personal and professional ethics. The Board seeks directors possessing a range of business, management and civic experience appropriate for the Board to discharge its responsibilities. In the case of both incumbent and new directors, the Board seeks persons who are able to devote significant time and effort to Board and Board committee responsibilities. Once nominees have been identified, the independent directors recommend to the Board such nominees and the Board reviews and votes on such recommendation.

¹ This director is independent as defined in Section 121(A) of the American Stock Exchange listing standards.

² As of February 2008, this director will be independent as defined in Section 121(A) of the American Stock Exchange listing standards.

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The Board will consider potential nominees brought to its attention by any director or officer of the Company. It will also evaluate recommendations for director nominees proposed by a stockholder who (i) has continuously held at least 1% of the outstanding shares of the Company's Common Stock entitled to vote at the annual meeting of stockholders for at least one year prior to the date the stockholder makes the recommendation and (ii) undertakes to continue to hold such number of shares through the date of the meeting. Any recommendation for a director nominee submitted by a qualifying stockholder must be received by the Company no later than 120 days prior to the anniversary of the date proxy statements were mailed to stockholders in connection with the prior year's annual meeting of stockholders. Any stockholder recommendation for a director nominee must be submitted to the Company's Chairman of the Board in writing and must include:

- a statement by the stockholder that such stockholder is the holder of at least 1% of the outstanding shares of the Company's Common Stock, that the shares have been held for at least one year prior to the date of the submission and that such stockholder will continue to hold the shares through the date of the annual meeting of stockholders;

- the candidate's name, age, contact information and current principal occupation or employment;

- the candidate's resume, which will include a description of the candidate's qualifications and business experience during, at a minimum, the last five years, including his/her principal occupation or employment and the name and principal business of any corporation or other organization in which the candidate was employed; and
 - at least three (3) references for the candidate.

The Board will evaluate recommendations for director nominees submitted by directors, management or qualifying stockholders in the same manner, using the criteria stated above. All directors and director nominees will submit a completed form of directors' and officers' questionnaire as part of the nominating process.

Stockholders may send any communication to the Board of Directors, as a whole, or individually, by mail to the Company's address listed on page one of this Proxy Statement, to the attention of Russell M. Gifford, Secretary. All such communications will be forwarded to the Board of Directors or individual directors as appropriate.

The Company strongly encourages each member of the Board of Directors to attend the Annual Meeting. Nine members of the Board of Directors attended the 2007 Annual Meeting of Stockholders of the Company, of which two attended in person and seven attended by telephone.

COMPENSATION COMMITTEE

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The members of the Compensation Committee are Mr. Hunter, Chairman, and Mr. Anderson, Dr. Gardner and Ms. Kranz. The Compensation Committee (i) determines the annual compensation of the Company's senior officers; (ii) recommends, if appropriate, new employee benefit plans to the Board of Directors; (iii) administers all employee benefit plans; and (iv) makes such other determinations regarding compensation or benefits as may be necessary or advisable. The Compensation Committee held two meetings during the fiscal year ended September 30, 2007, and has no charter.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Mr. Johnston served as a member of the Compensation Committee until December 8, 2006. He is not an officer of the Company. Although Mr. Johnston is not independent as defined in Section 121 (A) of the American Stock Exchange listing standards, the independent members of the Board of Directors determined in accordance with the American Stock Exchange listing standards that he brought a unique and valuable perspective to the Compensation Committee because of his real estate development experience and his opportunity, as a minority owner of Kaupulehu Developments, the Company's majority-owned real estate development general partnership, to assess management's capabilities. Mr. Johnston was the only member

of the Compensation Committee during fiscal year 2007 with transactions requiring disclosure by the Company as related party transactions. Please see "Certain Relationships and Related Transactions", below for an explanation of the Company's transactions with Mr. Johnston.

During fiscal year 2007, none of our executive officers served on the compensation committee (or its equivalent) or board of directors of another entity whose executive officer(s) served on our Compensation Committee or Board of Directors, and no member of our Compensation Committee was an employee or former employee of the Company.

COMPENSATION DISCUSSION AND ANALYSIS

Objective and Philosophy

The Compensation Committee's objective is to implement a compensation program which attracts, retains and motivates highly qualified executive officers and management personnel who will enhance the Company's annual performance and long-term growth objective. This program is intended to closely align the interests of our executives and managers with the interests of the Company's stockholders by both motivating management and rewarding management for the advancement of the Company's business objectives. The Compensation Committee attempts to achieve these objectives by linking compensation to the accomplishment of positive results and the creation of value for the Company's stockholders from both near-term and long-term performance perspectives. The Compensation Committee believes that cash compensation in the form of salary and incentive bonuses provides our executives with near-term rewards for achievement of individual performance goals and Company objectives. The Compensation Committee believes that long-term compensation through the award of stock options or other equity awards encourages management to focus on long-term projects and results by giving management a stake in the Company's long-term performance and success. In addition, the Compensation Committee has awarded incentive bonuses as recognition for the accomplishment of certain substantial long-term objectives. The Compensation Committee considers all elements of compensation and these objectives when determining individual components of compensation packages, however the Compensation Committee does not engage in a rigid balancing of compensation benefits by limiting the availability of certain forms of compensation due to an executives' receipt of other forms of compensation.

The Compensation Committee has determined that the Company's oil and gas business segment is subject to fluctuations in revenues due to the change of oil and gas prices that are not controllable by the Company, and that the Company's real estate development business segment is marked by the infrequent recognition of revenues, although such revenues may be material when and if they are recognized. The Compensation Committee has also determined that certain of the goals obtained and accomplishments of management over the last several years reflect many years of work and commitment to the Company which should be reflected in the current compensation packages for senior management.

As a result of these determinations, the Compensation Committee reviews not only the financial results of the Company, but also reviews non-financial measures and the achievement of certain long-term objectives. Such non-financial measures the Compensation Committee has considered in the past include, for the oil and gas business segment, the increase of known oil and gas reserves of the Company and additional exploration efforts to find additional oil and gas reserves, and, for the real estate development business segment, the acquisition of additional land and the progress in efforts to re-zone and re-position land in order to serve the Company's land development goals.

The Compensation Committee does not utilize rigid measures in determining the amount of year end bonus compensation to be paid to management, but rather engages in an assessment of the Company's financial and non-financial results for the relevant fiscal year, an assessment of the Company's progress in achieving its long-term business objectives as set forth by the Board and Company management, and an executive's demonstrated commitment to the Company. The Compensation Committee believes that by maintaining this flexibility it is able to reflect

significant contributions to the Company's operations even if such contributions are not immediately reflected in the Company's financial results, were the result of long term efforts, or both.

In 2007, the Compensation Committee relied on industry compensation comparisons and the experience of its members to help establish base salary and equity compensation for executive officers. The industry compensation comparisons included public oil and gas exploration companies and various public companies operating in Hawaii. The Compensation Committee utilized this data not as a benchmark, but as a guideline to compensation levels in comparable companies in the marketplaces in which the Company operates. The Compensation Committee has determined that there are few companies directly comparable to the Company and that benchmarking would not necessarily provide a better basis to determine the compensation of our executive officers. The Compensation Committee believes that the cash compensation levels it has set and other performance related plans being implemented adequately meet the Compensation Committee's objectives outlined above while comparing reasonably with compensation at companies within the marketplaces in which the Company operates.

In 2007, the Compensation Committee did not award any stock options or other equity compensation to the Company's executive officers. This was primarily the result of the fact that the Company has few options available under its current equity incentive plan, and accordingly the Compensation Committee has recommended the adoption of the Barnwell Industries, Inc. 2008 Equity Incentive Plan discussed under "Proposal No. 4", below.

Compensation Program Components

Currently there are three principal components of the Company's executive compensation program: (i) annual base salary; (ii) near-term incentive compensation in the form of performance bonuses payable in cash on an annual basis; and (iii) long-term incentive compensation in the form of stock options and stock appreciation rights. These programs are structured in accordance with the Compensation Committee's objectives and philosophy.

Base Salary

Base salary levels for the Company's executives are determined based upon a variety of factors. These factors include scope of responsibility, performance and an assessment of competitive conditions in the marketplace for executives of comparable talent and experience. Base salaries for executives (other than the Chief Executive Officer) are generally recommended by the Chief Executive Officer for the review and approval of the Compensation Committee which makes a final determination based on the factors described above and the executives' performance during the year. The Compensation Committee then submits its recommendation to the Board of Directors for approval. The Chief Executive Officer is not present during, and does not participate in, the voting or deliberations of the Board of Directors on his own compensation.

Near-Term Incentive Compensation

With respect to the Company's 2007 fiscal year, the near-term incentive compensation component consisted of performance bonuses. As noted above, the amount of each bonus was determined in part based on individual and corporate financial and non-financial performance and the creation of value for our stockholders. The Compensation Committee has decided to add a more formalized element to the Company's near-term incentive program, and accordingly has recommended the adoption of the 2008 Pay for Performance Plan discussed under "Proposal No. 3", below.

Long-Term Incentive Compensation

The long-term incentive compensation component consists of the Company's 1998 Stock Option Plan (the "Qualified Plan") under which executives may be granted stock options exercisable to purchase shares of Common Stock with occasional grants of non-qualified stock options and stock appreciation right ("SARs"). Stock options granted under the Qualified Plan become exercisable in equal increments over four years and generally expire ten years from the date of grant. Non-qualified stock options and SARs also are granted from time to time to key personnel. Such non-qualified stock options or SARs become exercisable over five years and generally expire ten years from the date of grant. The deferred vesting provisions of the stock options are designed to reward long-term contributions and create an incentive for executives to remain with the Company and create long-term value for our stockholders. The Compensation Committee believes that granting stock options creates an incentive to promote

the long-term interests of the Company and aligns the economic benefit to be obtained by the executives granted such options with those of the Company's outside stockholders. Stock options are granted by the Compensation Committee to key employees based on management's recommendation. Levels of participation in the plan generally vary based on the employee's position with the Company.

At present there are insufficient shares remaining in the Company's 1998 Stock Option Plan to meet the Compensation Committee's objectives for long-term compensation, and accordingly the Compensation Committee has recommended the adoption of the Barnwell Industries, Inc. 2008 Equity Incentive Plan discussed under "Proposal No. 4", below.

Tax Considerations

In determining compensation, the Compensation Committee believes that it is important for it to retain maximum flexibility in designing compensation programs. Therefore, while considering tax deductibility as one of the factors in determining compensation, the Compensation Committee does not limit compensation to those levels or types of compensation whose deductibility by the Company is not restricted by Internal Revenue Code ("IRC") Section 162(m). However, in part to maximize the tax deductibility to the Company of compensation paid to its executive officers, on December 12, 2007, the Board adopted, subject to approval of the stockholders of the Company, the 2008 Pay for Performance Plan and the 2008 Equity Incentive Plan. The 2008 Pay for Performance Plan is designed to comply with the requirements of IRC Section 162(m) relating to "performance-based" incentive compensation (to which the limitations of IRC Section 162(m) do not apply) in order to ensure the maximum deductibility to the Company of annual cash incentive compensation paid to its executives. The 2008 Equity Incentive Plan is also designed to permit the Compensation Committee to grant awards to executives of the Company that qualify as performance-based compensation under IRC Section 162(m).

IRC Section 162(m) imposes an annual limit on the amount that a public company may deduct for compensation paid to the Company's Chief Executive Officer and each of the Company's next three most highly compensated officers (other than the Chief Executive Officer) as of the end of the Company's taxable year. During the Company's 2007 fiscal year, the Company determined that certain performance based compensation earned by executives of the Company during the 2006 fiscal year and paid to them during the Company's 2007 fiscal year did not qualify as "performance-based" compensation under IRC Section 162(m). Consequently, in order to permit the Company to take a tax deduction with respect to such compensation paid to the Company's executive officers during the 2007 fiscal year, Morton H. Kinzler, the Company's Chief Executive Officer, Russell Gifford, the Company's Chief Financial Officer, and Alexander Kinzler, the Company's President and Chief Operating Officer, each agreed to defer payment of his base salary (without interest) for the period from July 1 to September 30, 2007, until December 17, 2007. The Company's executive officers were under no obligation to undertake such a deferral but did so in order to allow the Company to maximize its tax deductions.

In addition, in December 2004, the Company granted certain non-qualified stock options to Mr. A. Kinzler and Mr. Gifford. The stock options were issued with an exercise price equal to the fair market value of the Company's Common Stock on the date of the grant. However, although a portion of the stock options have been exercised, they have not been approved by the stockholders of the Company. In order to maximize the tax deduction available to the Company under IRC Section 162(m) of any income to Mr. A. Kinzler and Mr. Gifford that may result from the exercise of the remaining stock options, Mr. A. Kinzler and Mr. Gifford have agreed with the Company to permanently waive their rights under those stock options unless and until the material terms of the options are disclosed to and approved by the stockholders of the Company, in accordance with IRC Section 162(m). Further information in relation to the Company's proposal for stockholder approval of the stock options is detailed below in Item 5 - "Approval of Certain Stock Options Previously Granted to our President and our Chief Financial Officer."

Compensation of our Chief Executive Officer

Our Company's Chief Executive Officer, Mr. Morton H. Kinzler, was a founder of the Company and has been employed by the Company for over 50 years. His vast knowledge of the Company's operational history and his experience managing the Company from its inception has proved

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invaluable to the Company's growth from an initial capitalization of approximately \$2,000,000 to its present market capitalization in excess of \$118,000,000. In evaluating his compensation, the Compensation Committee considers the same factors as described above for all executive officers (except that the Company's executive management does not make salary recommendations for the Chief Executive Officer). The Compensation Committee also considers Mr. M. Kinzler's long-term commitment and contributions to the Company. In December 2006, the Compensation Committee approved a fiscal year 2007 base salary for our Chief Executive Officer of \$662,500. This represented an increase of \$145,000 over the prior year, reflecting the Company's strong financial results and the significant increase in the value of the Company achieved during the prior year. He was awarded a bonus of \$450,000 for fiscal year 2007, reflecting the Company's strong financial performance during the year.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management and, based on this review and discussion, recommended that it be included in this Proxy Statement.

Compensation Committee of the Board of Directors

Alan D. Hunter, Chairman

Murray C. Gardner

Martin Anderson

Diane G. Kranz

NAMED EXECUTIVE OFFICERS OF THE COMPANY

The Company currently has three executive officers. In addition, Mr. Warren Steckley served as an executive officer of the Company for a portion of fiscal year 2007. Information with respect to Mr. Steckley is disclosed in the following tables pursuant to current Securities and Exchange Commission ("SEC") compensation disclosure rules, although he ceased being an executive officer prior to the end of fiscal year 2007 and has not been an executive officer since that time. The following table sets forth the names and ages of all named executive officers of the Company (including for this purpose, Mr. Steckley) their positions and offices with the Company and the period during which each has served.

Name	Age	Position with the Company
Morton H. Kinzler	82	Chairman of the Board since 1980 and Chief Executive Officer since 1971. President from 1971 to December 2002. Mr. Kinzler is the father of Alexander C. Kinzler, President, Chief Operating Officer, General Counsel and a Director of the Company.

Alexander C. Kinzler

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President and Chief Operating Officer since December 2002 and General Counsel since December 2001. Director of the Company since December 1999. Mr. Kinzler is the son of Morton H. Kinzler, Chief Executive Officer and Chairman of the Board of Directors of the Company.

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Russell M. Gifford

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Secretary since December 2002, Executive Vice President since December 1997, Treasurer since November 1986 and Chief Financial Officer since August 1985. President of Water Resources International, Inc., a wholly-owned subsidiary of the Company, since December 1999. Director of the Company since March 2003.

Warren D. Steckley